

## Message Text

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ORIGIN EB-08

INFO OCT-01 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00 COME-00  
DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00  
NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01  
TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 EUR-12 /088 R

DRAFTED BY EB/OT/TA:RAMEYER:JVM  
APPROVED BY EB/OT/TA:DJDUNFORD  
EUR/EE:JWARD  
EUR/NE:NACHILLES  
COMMERCE:WDESROCHERS  
TREASURY:DMCMINN/EBARBER  
STR:RMATTHEISEN  
EB/OT/EWT:PBLAKEBURN  
-----050447Z 067104 /11

P R 042246Z FEB 77  
FM SECSTATE WASHDC  
TO USMISSION GENEVA PRIORITY  
INFO USMISSION EC BRUSSELS  
AMEMBASSY HELSINKI  
AMEMBASSY BERLIN

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E.O. 11652:N/A

TAGS:ETRD, GATT, FI, GE

SUBJECT: GATT WP ON FINNISH/GDR FREE TRADE AGREEMENT

REFS: (A) GENEVA 260, (B) GENEVA 702

1. U.S. DEL IN WP SHOULD DRAW ON FOLLOWING POINTS DURING  
FEBRUARY 8 MEETING:

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-- FAILURE OF GDR TO PARTICIPATE MAKES THE WP'S TASK  
EXTREMELY DIFFICULT. THIS IS ESPECIALLY SO WHEN MOST  
OF THE QUESTIONS WHICH WE BELIEVE NEED TO BE ANSWERED IN  
ORDER TO DETERMINE THE CONFORMITY OF THE AGREEMENT WITH  
THE GATT ARE CONCERNED WITH THE TRADE STRUCTURE AND  
PRACTICES OF THE PARTY NOT REPRESENTED. UNTIL THOSE  
QUESTIONS ARE ANSWERED, IT WILL BE MOST DIFFICULT FOR THE

WP TO COME TO ANY CONCLUSIONS.

-- IN PARTICULAR, WE BELIEVE THE ANSWERS TO THE FOLLOWING WRITTEN QUESTIONS (L/4334) NEED TO BE EXPLORED IN GREATER DEPTH WITH THE ACTIVE PARTICIPATION OF THE GDR IF POSSIBLE:

QUESTION 2: IT IS OUR VIEW THAT A COMPLETE AND RESPONSIVE ANSWER TO QUESTION 2 FROM THE GDR IS NECESSARY TO THE WORK OF THE WP.

QUESTION 3: WE WOULD APPRECIATE A MORE DETAILED EXPLANATION OF THE ARGUMENT THAT THE OPERATION OF THE AGREEMENT WILL RESULT IN AN INTENSIFICATION OF THE INTERNATIONAL DIVISION OF LABOR.

QUESTION 6: THE ANSWER STATES THAT THE LOW LEVEL OF AGRICULTURAL TRADE BETWEEN THE GDR AND FINLAND IS NOT CAUSED BY TRADE BARRIERS. WHAT IS ITS CAUSE? IF INDEED AGRICULTURAL TRADE BETWEEN THE TWO PARTIES IS DESTINED TO BE SO LOW, WHY WAS AGRICULTURAL TRADE NOT INCLUDED UNDER THE AGREEMENT IN ORDER TO COMPLETE ITS COVERAGE OF THE B T N? THE UNITED STATES CONTINUES TO BELIEVE, AS WE HAVE STATED IN PREVIOUS WORKING PARTIES ON OTHER AGREEMENTS BETWEEN FINLAND AND EASTERN EUROPEAN COUNTRIES, THAT ARTICLE XXIV REQUIRES THAT QTE SUBSTANTIALLY ALL UNQTE PRODUCT CATEGORIES BE COVERED IN ORDER FOR AN AGREEMENT TO BE IN CONFORMITY.

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QUESTION 14: WILL THE QTE REASONABLE SHARE UNQTE ALLOTTED TO THE GDR BE COMPUTED ANY DIFFERENTLY THAN THE QTE REASONABLE SHARE UNQTE ALLOTTED TO OTHER NATIONS WITH WHICH FINLAND HAS AGREEMENTS CONCERNING THE IMPORTATION OF PETROLEUM PRODUCTS? IF NOT, DOES THE USE OF QTE PAST IMPORT FIGURES UNQTE LOCK IN THE GDR'S SHARE, THEREBY FRUSTRATING THE INTENT OF THE AGREEMENT, WHICH IS TO INCREASE FINNISH-GDR TRADE?

QUESTION 22: SPECIFICALLY, WHAT QTE MEANS UNQTE DOES THE GDR PROPOSE TO USE IN ORDER TO ACCOMPLISH THE OBJECTIVES OF THE AGREEMENT? (IF FINNISH REP PLEADS IGNORANCE, U.S. REP SHOULD AGAIN MAKE THE POINT THAT A GDR REP IS NEEDED IN ORDER FOR THE WP TO DO MUCH MEANINGFUL WORK.)

QUESTION 33 AND 34: WE WOULD VERY MUCH LIKE TO EXPLORE IN MORE DEPTH THESE QUESTIONS WITH A REPRESENTATIVE OF THE GDR.

QUESTION 35: WE BELIEVE THE FINNISH PARTY HAS MIS-  
INTERPRETED THE BASIS OF THIS QUESTION. AT LEAST AS  
FAR AS THE U.S. IS CONCERNED, WE DO NOT TAKE THE POSITION  
THAT A FREE TRADE AGREEMENT WHICH INCLUDES MEMBERS WITH  
CENTRALLY PLANNED ECONOMIES CANNOT UNDER ANY  
CIRCUMSTANCE BE CONSISTENT WITH ARTICLE XXIV. WE DO  
HOWEVER BELIEVE THAT SERIOUS AND NOVEL QUESTIONS, REQUIR-  
ING INTENSIVE EXAMINATION, ARE RAISED BY SUCH AGREEMENTS.

QUESTION 36: A MORE DETAILED EXPLANATION OF THE MEANS  
AVAILABLE TO THE GDR AUTHORITIES AND OF THE MANNER  
IN WHICH THEY MIGHT BE APPLIED WOULD BE OF GREAT VALUE  
TO THE WP.

QUESTION 39: THE QUESTION IS NOT LIMITED TO PRICE  
MECHANISMS. THERE ARE OTHER WAYS IN WHICH GOODS CAN  
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BE ALLOCATED. CAN THE FINNISH REP CAST ANY LIGHT ON  
HOW THE GDR WILL ALLOCATE THE GOODS IMPORTED FROM  
FINLAND UNDER THE AGREEMENT? WILL CONSUMER DEMAND HAVE  
ANY IMPACT ON THIS ALLOCATION SYSTEM?

2. INWWP DISCUSSION OF NEXT STEPS, U.S. DEL SHOULD  
SEEK POSTPONEMENT OF FURTHER WP WORK UNTIL TRADE DATA  
IS AVAILABLE WHICH COULD GIVE THE WP INSIGHT INTO THE  
ACTUAL OPERATION OF THE AGREEMENT. WE WOULD PREFER  
AT LEAST TWO YEARS' DATA TO BE AVAILABLE BEFORE THE  
WP MEETS AGAIN, AND WITH THE ACTIVE PARTICIPATION OF  
THE GDR.

3. RE REFTEL B: ONLY QTE INNER-GERMAN UNQTE TRADE  
(I.E., SHIPMENTS TO FRG) RECEIVES DUTY-FREE TREATMENT.  
GDR SHIPMENTS TO REST OF EC AND TO FRG IF RE-EXPORTED  
TO OTHER EC MEMBERS ARE SUBJECT TO CXT AND APPLICABLE  
QRS. VANCE

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## Message Attributes

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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Status:** NATIVE  
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**TAGS:** ETRD, FI, GC, US, GATT  
**To:** GENEVA  
**Type:** TE  
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